11/6/86 C 2710-1

© Entire contents copyright 1986 by Crain Communications Inc. All rights reserved.

$1.50 a copy; $57 a year

Monday, November 3, 1986

Advertising Age

Crain's International Newspaper of Marketing. In Two Sections. Section 1.

Big spenders see uptick

ANA hears talk of better days

By NANCY GIGES and LAURIE FREEMAN

Hot Springs, Va.—Executives attending the 77th annual meeting of the Assn. of National Advertisers here, predicting a stronger-than-expected economy next year, say marketing expenditures—especially for consumer promotions—could increase moderately in 1987.

Marvin Koslow, senior vp-marketing services, Bristol-Myers, said he believes the economists may be underestimating the strength of the economy. His company had a strong third quarter, he said, and anticipates healthy sales this quarter. He indicated gains in the budgets being planned for next year.

Joel Weiner, exec vp-corporate marketing services at Kraft Inc., believes media spending industrywide will be up moderately.

"What is probably as important as media spending, if not more so," said Mr. Weiner, "is the continuing shift into consumer promotions, where spending may be as much as one-

(Continued on Page 106)

GF shifts more to ads for 1987

By JUDANN DAGNOLI

General Foods, one of the nation's largest advertisers, is bucking the promotion trend. Philip Smith, its president and newly anointed ceo, said that "sales and trade promotion have grown at the expense of advertising," and his company is "trying to turn that around."

The executive said the $7 billion-plus White Plains, N.Y.-based marketer is renewing emphasis on ad spending and going to great lengths to reduce trade promotion. A spokesman later emphasized that, as part of a now 3-year-old program, GF would not divert monies from advertising to trade promotions.

Mr. Smith said heavy price-cutting, now the industry norm, "could erode the value of brand names." The company, acquired by Philip Morris Cos. last November, spent well over $350 million in U.S. measured media advertising in 1985. GF markets more than 60 brand-name products, and the company said that 80% of its revenues come from brands

(Continued on Page 106)

RJR tells boost for promotions

By WILLIAM F. GLOEDE

R.J. Reynolds Tobacco Co. next year will pull more dollars from its advertising budget and push them into promotional marketing. The cuts in media spending won't be nearly as deep as rumored, said company media director Dan Pearson, but "it's going to hurt everybody some."

Mr. Pearson heads up the Winston-Salem, N.C.-based tobacco marketer's in-house media unit, which handles most planning and print and out-of-home buying for Reynolds Tobacco and the other units of parent RJR Nabisco. It spends about $400 million a year.

The shift of more funds into marketing promotion—covering everything from sporting event sponsorships to couponing—is part of an over-all cigaret industry trend being fueled by open warfare in the price/value segment.

"It's driven more by where we see the market going than it is by a conscious decision on our part that there's no future for advertising," Mr. Pearson said. "Our intent is to get it

(Continued on Page 104)

Wendy's revamp brings back Rich

By PATRICIA WINTERS and SCOTT HUME

The slumping fast-food market got hot and juicy last week as Wendy's International dismissed national agency DFS Dorland Worldwide three days after reporting a third-quarter loss of $47 million as average per-store sales dropped 13%.

Wendy's also announced it will dispose of 9% of its company-owned stores and radically restructured its marketing department.

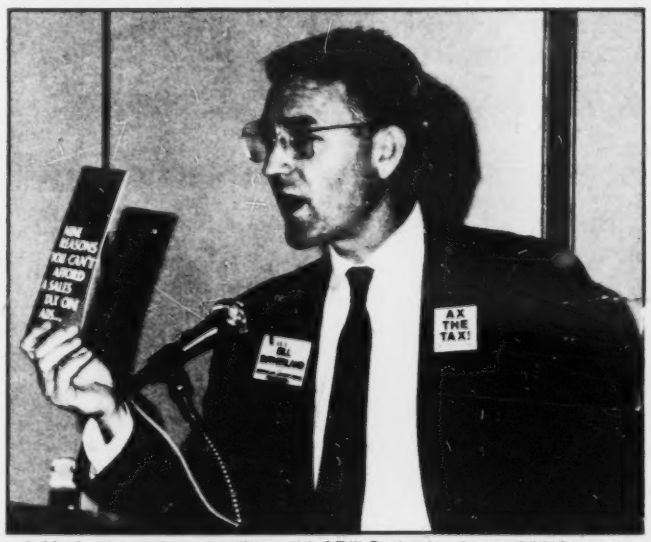
Earlier, two major chicken chains, Bojangles' Chicken 'n Biscuits and Church's Fried Chicken, said they, too, are being forced to close stores and reorganize to survive.

Such moves all are symptoms of the "panic" gripping the $45 billion fast-food industry (AA, Oct. 20), said Gary Susnjara, chairman of DFS Dorland's New York office.

"They're all ailing," he said, referring to the leading fast-food chains. "And they're saying, 'Make the advertising un-ail us.' And it didn't do it. I don't know if it could."

As abrupt as its firing of DFS—which gave the world 1984's "Where's the beef?" phenomenon and in which Wendy's chairman Robert Barney two weeks ago expressed complete confidence (AA, Oct. 20)—was the decision to move creative responsibility to Dick Rich Inc., New York, without a formal agency review. Mr. Rich was the creative mastermind who in the

(Continued on Page 104)



Ad industry anti-tax coalition chief Bill Sutherland urged ANA to act.

Last Minute News

Ayer latches onto N.Y. Air, People Express

Houston—Texas Air will consolidate advertising assignments for its New York Air and People Express units at N W Ayer, New York, which already handles Texas Air's Continental Airlines. The action renewed speculation that the People Express and New York Air identities will be eliminated. The $12 million New York Air account had been at Levine, Huntley, Schmidt & Beaver; People Express had been at Plapler Russo & Associates. Ayer's $25 million-plus Continental assignment will grow to $50 million-plus with the new assignments, sources said.

(Continued on Page 8)

INSIDE: The second annual special report on profiles of the Second 100 Leading National Advertisers begins opposite Page 56.

Florida's ad tax next ANA target

By STEVEN W. COLFORD

Hot Springs, Va.—Ad industry lobbyists last week banged their war drums for a total industry campaign aimed at nullifying Florida's proposed 5% tax on in-state advertising.

They see the far-reaching consequences of the state tax, if implemented next July 1, as taking as much as a $250 million bite out of state advertisers; causing an advertising exodus from spot media in Florida to alternative spot tv, radio and print in surrounding states that spill into Florida markets, and setting a precedent for other revenue-squeezed states to impose similar ad taxes in their own jurisdictions.

The threatened Florida tax was the major regulatory concern at last week's 77th annual Assn. of National Advertisers conference here.

G.F. (Pete) Tyrrell, the new ANA chairman and vp-advertising, Johnson & Johnson, said

(Continued on Page 106)

NEWSPAPER

Rush time for

CONGRESSIONAL INFO SERVICE
SRI ACQUISITIONS
4520 EAST-WEST HWY #800
WASHINGTON DC 20014

CONGLI AA 864499 99 OSA
**********5-DIGIT 20014

Highlights

ANA hears growth prediction 1
Executives at the 77th annual meeting of the Assn. of National Advertisers, predicting a stronger-than-expected economy next year, say marketing expenditures—especially for consumer promotions—could increase moderately in 1987.

Wendy's dumps DFS, reorganizes 1
Wendy's International last week dismissed DFS Dorland Worldwide three days after reporting a third-quarter loss of $47 million. Wendy's also announced it will dispose of 9% of its company-owned stores and restructured its marketing department.

Georgia on their minds 3
Mergers, buyouts and bankruptcies are redefining the agency profile of Atlanta, where the number of shops dwarfs the number of choice accounts. D'Arcy Masius Benton & Bowles' decision to sell its Atlanta office to Fahlgren, Swink & Nucifora is the first strengthening of the market, agency executives believe. Agency executives expect more mergers as other branch offices wither.

More juggling at Burnett 3
Leo Burnett Co. is preparing for its third top-management reorganization in as many years, but its top execs do not expect it to affect any client relationships.

BJK&E rising to the top 4
Bozell, Jacobs, Kenyon & Eckhardt broke from the pack to rank among the leading agencies in the eyes of company advertising directors, according to the latest Agency Watch, Advertising Age's national survey.

New chapter for CBS Magazines? 6
Industry observers are betting CBS Inc. will soon sell its magazine publishing division. The hottest rumor both inside and outside CBS Magazines: A prospectus is being circulated to sell the entire division for a whopping $1 billion, with West Germany's Bertelsmann AG expressing the most interest.

Hitting the bricks 12
Procter & Gamble is attempting to chip away at coffee-leader General Foods with the national introduction of Folgers ground-roast coffee in "brick" packaging.

O&M going soft 33
Ogilvy & Mather this month gets its first chance to show what it can do with Sears, Roebuck & Co.'s "soft goods" account. On Nov. 21, Sears breaks a national tv campaign promoting its exclusive collection of children's clothing, bedding, watches and plush animals tied to and coinciding with the opening of "An American Tail," Steven Spielberg's first animated film.

Rethinking at 'The New Yorker' 42
To the agency that created "Yes, *The New Yorker*" *The New Yorker* is saying, "Maybe."

Spring loaded 44
A rift has developed between prospective American Football Teams owners and founder David Dixon even before the parties involved in the new spring football league have committed to begin play.

INTERNATIONAL

U.S. tv news invades Europe 69
European tv execs are trying to stave off a U.S. invasion in an area they had thought was off-limits: News. Pan European news programs are shaping up as a major battleground between U.S. and European programers in the emerging satellite tv market.

OTHER NEWS

Drackett Co.'s Endust remains the dusting aid of choice, despite rival S.C. Johnson & Son's $12 million effort to wipe out the commanding lead of Endust. Page 12.

Volkswagen U.S. is counting on next year's introduction of the VW Fox to get the company back into the entry-level market battle and allow it to position other models against higher-price European imports. Page 24.

Top retail chains are gambling this fall that sophisticated personal computers can be marketed like tvs and videocassette recorders. Mass merchandisers such as Sears, Roebuck & Co., Caldor and Target hope that by stocking their shelves this Christmas season with "clone" pcs battling one another on price alone, they will boost their own margins and help transform the desktop pc into a commodity item. Page 36.

Four days after announcing her retirement from gymnastics last month, Mary Lou Retton appeared on behalf of Hasbro Inc. at the Southdale Mall in Minneapolis. More than 5,000 people attended. "When she told them she had left the sport to go to college, they stood and cheered. It was a decision they could understand," said Ms. Retton's agent, John Traetta. Page 40.

Since it began 18 months ago, *PayPhone Magazine* has grown from an eight-page newsletter with four ads to a slick bimonthly. When *PayPhone* goes monthly in January, ad revenues are expected to nearly double, boasts publisher-editor Marc Ostrofsky. Page 43.

Advertisers striving to reach the rapidly maturing American consumer were advised to keep their ad messages "short and to the point" during one of the best-attended sessions at the annual Assn. of National Advertisers conference in Hot Springs, Va., last week. Page 92.

Godfather's Pizza this week carries out its promise to be competitive in all areas of the pizza market with a new campaign for home delivery. An initial pool of three tv commercials and six radio spots breaks today in Seattle, with subsequent rollout planned throughout Omaha-based Godfather's 700-unit system, about 60% of which currently is equipped for home delivery. Page 97.

REGULAR FEATURES

ADVERTISING MARKETPLACE 95
ADWHIRL 98
AGENCY PEOPLE 101
BACK PAGES 82
BRADY 58
BRADY'S BUNCH 82
CON-SID-ERATIONS 17
CURRENTS 54
DIRECT AND PROMOTIONAL MARKETING 91
EDITORIAL 17
FOR THE RECORD 103
FORUM 18
GARFIELD/ON THE LOOSE 40
GLOBAL GALLERY 60
LETTERS 20
MEDIAWORKS 78, 80
NAMES IN THE NEWS 101
NEW PRODUCTS 102
ON TRADEMARKS 48
PARTING SHOT 57
PERSONAL PRIVILEGE 62
PHOTO REVIEW 86
PRESSTIME 8
REGIONAL NEWS 88
RESEARCH BEAT 88
SHOOTS 99
STREET TALK 38
T.N.T., THE NEXT TREND 50
U.S. NEWSWATCH 4
VIDEOTECH UPDATE 67
WHAT'S IN STORE 74
WORDS 58
WORLD NEWS ROUNDUP 3

FIGURES TO FILE

NEWSPAPER AD INCHES FOR AUGUST '86 84

Vol. 57, No. 56—ADVERTISING AGE (ISSN 0001-8899) is published weekly except semiweekly the fourth week in March and the first week in September at 740 Rush Street, Chicago, Ill. 60611-2591. Second-class postage paid at Chicago and additional mailing offices. Send address changes to ADVERTISING AGE, Circulation Department, 965 E. Jefferson, Detroit, Mich. 48207. Microfilm copies are available from Univeralty Microfilms, 300 N. Zeeb Rd., Ann Arbor, Mich. 48103. Microfiche copies are available from Bell & Howell, Micro Photo Division, Old Mansfield Rd., Wooster, O. 44691. $1.50 a copy, $57 a year, $104 two years. Add $89 per year for air delivery to Europe & Middle East. Add $34 for surface mail to all other foreign countries. WILLIAM STRONG, vp-circulation; JOHN HUFFMAN, fulfillment director; DAVE KELLEY, circulation manager. Four weeks' notice required for change of address. Address all subscription correspondence to Circulation Department, Advertising Age, 965 E. Jefferson, Detroit, Mich. 48207 (313) 446-0494.

NBC on a roll for sweeps; CBS shuffle?

By VERNE GAY

New York—CBS-TV and ABC-TV are headed into the November sweeps in their most precarious competitive positions in years, with the CBS Broadcast Group poised for a top management shakeup and ABC battling a deterioration in prime time household ratings.

Both also are facing a resurgent NBC-TV, winner of the prime time ratings crown for five consecutive weeks for the first time in its history. Helped by strong World Series telecast numbers, NBC won the week ending Oct. 26 by nearly 8 rating points over last-place ABC.

But No. 2 CBS may be facing a greater crisis this month. The company was besieged last week with rumors about the fate of every top executive in the Broadcast Group, including president Gene Jankowski and B. Donald Grant, president of CBS Entertainment.

According to reports sweeping the company, acting ceo Laurence Tisch is preparing to overhaul several key management posts, including the exec vp posts held by Thomas Leahy and Neal Pilson. Mr. Tisch himself is reportedly keeping the ceo position on a permanent basis (AA, Oct. 13).

A CBS spokesman declined comment on the reports.

According to one scenario, the exec vp posts could be abolished, with the presidents of sports, entertainment, network, tv stations, news and radio reporting directly to the CBS Broadcast Group president. Each executive would be responsible for the financial performance of his respective division.

Currently, the divisional heads, the exec vps and the president share some responsibilities. The station, radio and sports divisional presidents report to Mr. Pilson,

(Continued on Page 107)

Election Day is PM's ticket to campaign

By WILLIAM F. GLOEDE

New York—Philip Morris Cos. will be ferrying voters in six cities to the polls on Election Day, Nov. 4, in a test of a new kind of corporate advertising it hopes will leave the public with that warm feeling so many corporations crave.

In Cincinnati; Dover, Del.; Kansas City, Mo.; Louisville; Milwaukee, and Seattle, PM is running a three-insertion campaign in newspapers, local magazines and regional editions of national magazines, urging people to vote. A sample headline: "The most powerful machine in the world is in America's hands. Why won't we use it?"

The ads, created by Backer & Spielvogel, list an 800 telephone number through which voters can get an "Election Day Kit"—a package containing a brochure providing an overview of senatorial and gubernatorial elections throughout the U.S. and a summary of state issues confronting each market.

The kit's literature is nonpartisan and factual in nature and contains no endorsements or discussion by PM of preferred candidates or positions on issues.

On Election Day, in cooperation with local, nonpartisan groups

(Continued on Page 107)

West Coast News

Fox Broadcasting eyes BBDO's creative

Los Angeles—Fox Broadcasting Co. has contacted Steve Hayden, BBDO exec vp-senior creative director and former Chiat/Day creative director, concerning an unspecified creative role in the fledgling network. Fox sources say the network plans to hire an agency within three weeks, probably without a review.

Los Angeles—**Frank Mainero** was named president-ceo, CSI Inc., a marketing communications company. He assumes responsibilities previously held by Richard White, who remains as chairman. Mr. Mainero most recently was general manager, McCann-Erickson/Los Angeles.

San Francisco—**R. Dakin & Co.** has moved its $2 million-plus plush toy account to Cole & Weber from Busse & Cummins.

Beverly Hills, Cal.—**Camp Beverly Hills**, apparel and fragrance marketer, hired Scali, McCabe, Sloves, West, Santa Monica, to handle its $1 million-plus corporate account, from in-house. Sources suggest CBH eventually may transfer its $2 million fragrance account, currently at Calvillo Shevack & Partners, New York, to Scali.#

U.S. NewsWatch

Marketing news from regional centers across the country

Chef Prudhomme fires off Cajun Martini

NEW ORLEANS—Sazerac Co. begins national distribution next month of Chef Paul Prudhomme's Cajun Martini, a cocktail seasoned with cayenne pepper, testing in southern markets. Fessel, Siegfriedt & Moeller, Louisville, handles trade and print campaigns set to break in the first and second quarters, respectively.

BETHESDA, MD.—**Rosenthal, Greene & Campbell** has laid off 12 employes after losing the $4 million Presidential Airways account, sources said. RG&C chairman Dan Rosenthal confirmed some layoffs, but declined to say how many. Tromson-Monroe, New York, won the account last month, after a review (AA, Oct. 6, *et seq.*).

BIRMINGHAM, ALA.—**Luckie & Forney** would not confirm reports it is opening an Atlanta office this month to service local clients and seek new business.

CHICAGO—**Montgomery Ward & Co.** will open and operate 10 additional Ward-Toys "R" Us stores in 1987 following the successful opening

(Continued on Page 88)

AGENCY WATCH

BJK&E leaps out from agency pack

By CHARLOTTE FLANAGAN

Bozell, Jacobs, Kenyon & Eckhardt broke from the pack to rank among the leading agencies in the eyes of company advertising directors, according to the latest Agency Watch, ADVERTISING AGE's national survey.

Meanwhile, Saatchi & Saatchi Compton Worldwide, one of the U.S. agencies of growth-hungry Saatchi & Saatchi Co., emerged as the hottest agency in the latest poll, which covers the July-to-September quarter. Interviews were conducted before September's management upheaval at Saatchi & Saatchi's Ted Bates Worldwide.

Ad directors again named J. Walter Thompson Co. and Ogilvy & Mather Worldwide the nation's two best agencies. JWT has ranked No. 1 and O&M has been No. 2 in every quarter since the survey began two years ago.

Agency Watch is conducted for ADVERTISING AGE by SRI Research Center Inc., Lincoln, Neb. In each quarter, SRI questions by telephone a random national sample of 300 ad directors of companies with $25 million or more in sales.

The survey is not limited to large advertisers in New York, Chicago and other major agency markets, but includes ad directors of companies based in each of the 20 largest U.S. cities.

Asked to name the agency that "provides the best over-all services and products to its clients," 6% of the directors named BJK&E, a statistically significant rise from the agency's 1.7% score the second quarter. Its score in the latest survey was the third best, behind JWT's 9.3% and O&M's 7.7%.

In the questioning for "best over-all" agency, respondents are allowed as many as three answers. Each of these answers is counted as one mention.

BJK&E also continued to rise in top-of-mind awareness, being named by 10.3% of ad directors as the agency that first comes to mind. Unlike the agency's improvement as "best" agency, which didn't occur until the third quarter, BJK&E's awareness level has increased steadily since the agency was formed through the merger of Bozell & Jacobs and Kenyon & Eckhardt last January.

BJK&E's awareness score was 7.3% in the first quarter this year—up from 3.7% the previous quarter—and 9% in the second quarter.

BJK&E's top-of-mind awareness ranked fourth in the latest survey and just behind BBDO Worldwide, which was named by 10.7% of the ad directors. One vote separated BBDO (32 mentions) and BJK&E (31 mentions).

JWT again dominated the awareness ratings, being named by 21% of the respondents, and O&M was No. 2, with a score of 13.7%. Respondents are allowed up to three answers in questioning for awareness.

BJK&E's high-profile campaigns for Merrill Lynch (featuring the return of the Merrill Lynch bull) and Chrysler (spotlighting Lee Iacocca) may have contributed to its prominence last quarter. But

(Continued on Page 100)

People are moving to Phoenix in droves. And 46% of these newly arrived adults are coming for job opportunities. Nobody reaches young, educated people on the move better than we do. In fact, with any five issues, we reach 78% of them. So, if you want to strike it rich, don't pass us by. We're a gold mine.

The Arizona Republic/The Phoenix Gazette

Million Market Newspapers/Times Mirror National Marketing
Source: 1986 Scarborough Phoenix Market Study

WHO MADE FAST WORK OF Glass Works™?

The same techniques that developed new Glass Works for S.O.S, created the new Magic Mushroom Air Freshener for Airwick, Alka-Mints for Alka-Seltzer, Sunkist Vitamin C Tablets, put Baking Soda in more than 30 million refrigerators . . . can spell success for you.

Why is 70% of all our business *repeat business?*

- Our success rate;
- We're sensitive to your needs.

GLASS WORKS: One of the fastest growing cleaners in America uses vinegar instead of ammonia.

We offer three different new product or re-staging programs. One is ideal for your needs.

To find out more, call or write Sonia Kallen (914) 631-8800.

New York: 55 South Broadway, Tarrytown, NY 10591. Chicago: 333 N. Michigan Ave., Suite 819, Chicago, IL 60601.

Schoenfeld, Chapman, Alm & Pearl Inc.

New Products/Brand Leveraging Consultants

November 3, 1986

Advertising Age

Crain's International Newspaper of Marketing

Entire contents copyright 1986 by Crain Communications Inc. All rights reserved.

THE SECOND 100 LEADING NATIONAL ADVERTISERS

1986 EDITION